

To Our Valued Customers

In 1912, Longmont Power & Communications (LPC) was founded as a public power utility, owned by the citizens of Longmont. Since its beginning, LPC has expressed the public power ideal of local people joining together for the benefit of the place in which they live and work.

As a locally controlled, non-profit public power utility, LPC is able to respond to the Longmont community's unique needs and interests. High performance in the areas of system reliability, safety, system improvements and workforce development resulted in LPC receiving the American Public Power Association's RP₃ recognition in 2010. Our utility is a three-time recipient of this award.

Many in Longmont's business community are aware of the significant competitive advantage they gain by having access to some of the lowest cost electricity in Colorado. According to the July 2010 survey conducted of 46 in-state utilities by the Colorado Association of Municipal Utilities, LPC has the lowest rates for residential, large commercial and industrial customers. LPC small commercial customer rates are ranked second lowest of utilities in Colorado. This survey takes into account all charges in a customer's electric bill.

Taking advantage of our fiber optic based telecommunication network, LPC incorporates state of the art "smart" technologies in the operation of Longmont's electric distribution system. These technologies constantly monitor the system, giving us valuable information

regarding its efficiency and condition as well as providing immediate notification when an event occurs. Other utilities from throughout the country have toured our facilities to learn what we have achieved. Customers benefit by experiencing fewer outages, quicker restoration times when outages do occur and lower overall costs.

LPC has made significant changes since 1912, and we will continue to explore and implement new technologies that can improve the way we generate, deliver and use electrical energy. One thing that hasn't changed is our commitment to the basic benefits of public power: local control and ownership, lower rates, better service, higher reliability and the return of revenue to support our community.

Nearly 100 years ago, Longmont made a bold decision to take control of its energy future. Today, households and businesses continue to reap the benefits of this decision. LPC is your utility and we encourage you to share your views with us as we work to provide service that truly reflects the needs of our community.



Tom Roiniotis, Director
Longmont Power & Communications

2010 Facts and Figures: A Snapshot

(Compared to 2009)

Customers: 36,683 (<1% increase)

- Residential: 34,053
- Commercial: 2,620
- Industrial: 10

Financial Data:

- Revenues: \$50.7 million (10% increase)
- Total expenses: \$50.6 million (6% increase)
- Reserves: \$7.3 million (2% increase)
- Debt: None

Energy load:

- 810,213,000 kWh energy consumed (1% increase)
- 126,500 kW peak demand, winter (5% decrease)
- 171,900 kW peak demand, summer (5% increase)

Distribution system: 592 line miles

- 443 miles underground; 149 miles overhead
- 6 substations
- 46 main distribution circuits

Service area: 49 square miles

- 29.5 within city limits
- 19.5 outside city: Hygiene, Lyons, Apple Valley

In 2010, LPC:

- Improved energy efficiency in City buildings for annual savings of:
 - \$164,721 utility expenses
 - 2,590,048 kWh (average Longmont household uses 8,880 kWh per year)
 - 110,935 therms natural gas (average Colorado household uses 924 therms)
- Read approximately 63,000 electric and water meters each month with 99.9% accuracy.
- Provided 34 audits and 15 projects for local businesses and property owners to become more energy efficient.
- Received overall satisfaction rating of 98% from surveyed customers who recently contacted LPC.

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Longmont
POWER & COMMUNICATIONS

Report to the
Community
for 2010

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Connecting our Community

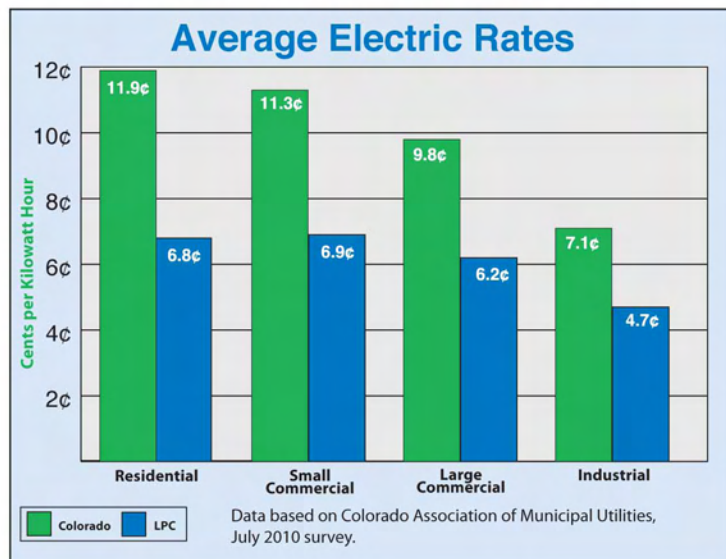


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LPC rates among the lowest in Colorado

A statewide survey released in July 2010 shows that residential, large commercial and industrial customers in Longmont pay the lowest electric rates of surveyed Colorado utilities. Small commercial customers pay the second lowest. The survey considers all charges in a customer's electric bill.

On the national level, Longmont's average electric rate for all customers was 41% less than the average. Residential customers paid 45% less than the national average.*



While wholesale power costs increased and the annual franchise fee LPC pays to the City's general fund increased from seven to eight percent, rates for all customers were still lower than rates of neighboring utilities and the nation.

LPC adjusted rates in January 2010 by an additional 8.3% to cover expenses including increased purchase power costs from Platte River Power Authority, LPC's wholesale provider. The life support and low income services discounts continue.

LPC honored for outstanding performance

With only one minor safety incident in 2010, LPC was honored by the American Public Power Association (APPA) with its *Electric Safety Award*. LPC earned the third-place recognition among 250 publicly-owned utilities who applied for the award.



LPC also received APPA's *RP₃* recognition for outstanding performance in electric reliability, reliability, safety, training and system improvement. LPC is a three-time recipient of this award.



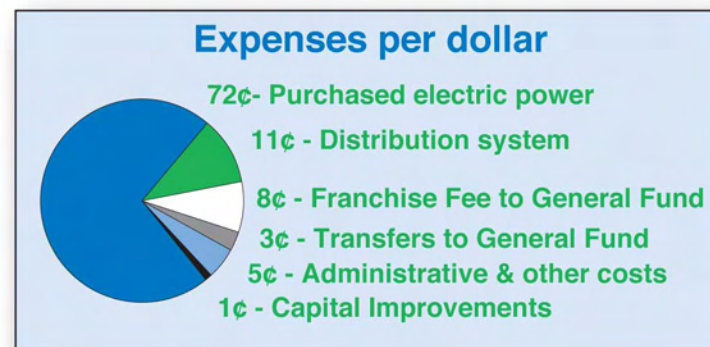
Finances

LPC had total revenues of \$50.7 million in 2010, six percent under budget and an increase of 10% from 2009. Total expenses were \$50.6 million, 11% under budget and six percent greater than 2009.

LPC's Electric Fund expenses are made up of six major categories:

- Purchased electric power
- Distribution system costs
- Administrative costs
- Capital costs
- Franchise fee payments
- Transfers to the City General Fund for services and other contributions

Purchased power expense was 72¢ of every Electric Fund expense dollar. Although purchased power from Platte River Power Authority is LPC's largest expense, their energy and demand rates are relatively low compared to other power providers. Franchise fee payments and transfers to the City General Fund (11¢ combined) and expenses for electric distribution system operations and maintenance (11¢) are the next highest costs for LPC.



Capital improvement

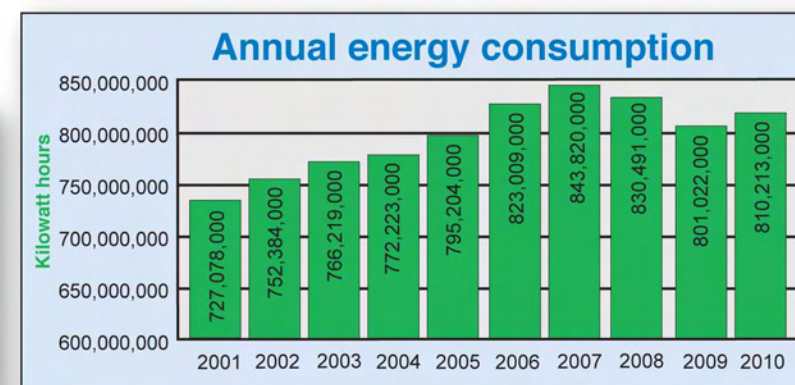
The Capital Improvement Program (CIP) is an important tool for planning, maintaining and building the electric system infrastructure. In 2010, LPC had a total CIP budget of \$1.97 million of which \$861,000, or 44%, was spent. The largest CIP expenses include:

- Nine street light area improvements and additions were completed and three were started. Cost: \$73,000.
- Twenty-eight system operations and reliability enhancements were completed. Cost: \$177,000.
- Numerous customer electric service installations and upgrades. Cost: \$384,000.

Those customers requesting new or upgraded electric service cover their full cost and pay an Electric Community Investment Fee for system expansion and capacity improvements.

Load growth

The overall use of electric power increased slightly in 2010. During the past ten years, the City's annual energy consumption increased by 11% and the maximum demand (the highest amount of electricity required to meet customer needs during a one-hour period) increased by 20% while the number of LPC customers increased by 17%.



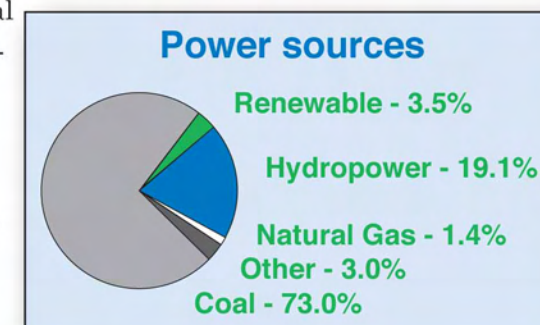
Power resources

Platte River Power Authority, owned by the municipalities of Longmont, Fort Collins, Estes Park and Loveland, provides reliable, low-cost and environmentally responsible electricity. Longmont's mayor and the LPC director represent the City on Platte River's Board of Directors.

Platte River had generation capacity of 932,000 kW in 2010. Resources include:

- Rawhide Energy Station - 280,000 kW coal and 388,000 kW natural gas
- Western Area Power Administration - 90,000 kW hydropower
- Yampa Project - 154,000 kW coal
- Silver Sage Windpower Project - 12,000 kW wind
- Medicine Bow Wind Project - 8,000 kW wind

In 2010, LPC received 22.6% of its electricity from non-fossil fuel sources including hydropower, wind and landfill gas.



Longmont continues to be green

Longmont residents and businesses reduced electric consumption by more than 3.95 million kWh annually as a direct result of energy efficiency programs. This electric savings is enough to provide power to 450 average Longmont homes for a year.

LPC customers who participated in efficiency programs in 2010 will collectively save about \$247,352 each year going forward on their electric bills.

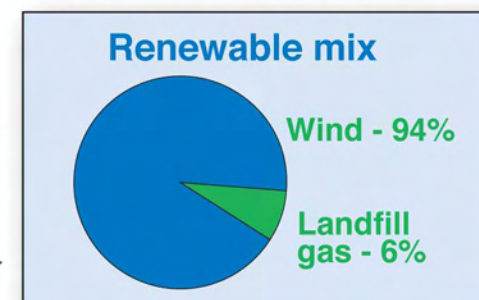
Results from LPC's 2010 energy efficiency programs include:

- 9,549 specialty compact fluorescent light bulbs (CFLs) sold at a discount through local retailers. The estimated energy savings is 142,813 kWh per year.
- 830 customers received clothes washer and dishwasher rebates, saving an estimated 128,882 kWh per year.
- 661 strings of LED holiday lights sold at a discount through local retailers, reducing energy consumption by 95% when replacing incandescent holiday lights.
- Volunteers installed free energy and water saving products in 581 homes as part of Neighborhood Efficiency Sweeps, saving an estimated 353,920 kWh per year.
- Longmont businesses received 136 rebates for high efficiency lighting, cooling and mechanical improvement projects, saving an estimated 3.3 million kWh per year.

Renewable energy mix

All LPC customers receive 3.0%, or 24.2 million kWh, of their electricity from renewable sources as a result of City Council policy.

In addition, more than 619 customers purchased 5.2 million kWh of renewable energy on a voluntary basis through the voluntary renewable energy program which is Green-e Energy certified. This means the energy meets specific environmental and consumer protection standards established by the Center for Resource Solutions.



Electricity purchased in the voluntary program is 100% renewable, using wind as well as renewable energy certificates from wind and landfill gas.



* U.S. Energy Information Administration Report, *Average Retail Price of Electricity*, Electric Power Monthly with data for December 2009.